Federal Reserve Board

Re: Proposed Changes to Disclosures

To Whom It May Concern:

As a community bank in South Carolina, we totally disagree with the proposed changes to the disclosure regulations that affect Regulation B, DD, E, M & Z. I have outlined our positions below on the proposed changes and hopefully these reasons will at least open the eyes of the Board to understand why we are so opposed to these changes.

First of all, the Board has not identified a problem with existing regulations and disclosures to justify the compliance burden and potential liability. The Board explains its purpose is twofold: to facilitate compliance and ensure consumers understand the disclosures. We appreciate consistency among regulations to make compliance easier; however, it is not justified or workable in this case. Addressing the second purpose, the Board has not made a case. It has not offered any examples or explanations of where the disclosures are confusing or unclear. If they exist, the Board should identify them and address them specifically.

The requirements are unclear and will invite expensive lawsuits. Terms such as "everday words" "legal terminology," "explanations that are imprecise" and even "wide margins" are unclear, especially with regard to complicated disclosures typical of Regulation Z. Also, it is not clear how institutions should apply the examples to different types of disclosures, such as ATM receipts. While the proposal says that the examples are "optional," courts cannot be expected to agree. Should we have to litigate these issues, we are still faced with heavy legal bills even if we win a lawsuit. The subjectivity of the proposal will invite lawsuits as well as second-guessing by examiners.

The proposals will impose an expensive regulatory burden. Under the proposal, banks will have to review every disclosure required under Regulations B (ECOA), E (EFTA), M (Consumer Leasing), Z (TILA), and DD (TISA) and determine whether bullet points should be added, margins widened, line spacing adjusted. We will have to also be examined for "understandability," that is whether they are too legal sounding and lack "everyday words," a very subjective standard. We will then bear the cost of redrafting and reproducing many if not all of disclosures. It is probable that some adjustment will have to be made to each required disclosure. The requirements related to font size, margin size, headings, and bullets will drastically increase the length of the disclosures, adding new costs.

The revised disclosures may be less helpful to consumers. Because the requirements will lengthen the disclosures, in some cases, by pages, causing consumers to be less inclined

to review them. In addition, we include additional information that is useful to consumers on the back of checking account statements. If these changes are approved, will have to omit this useful information or pay for the additional paper. Some related required disclosures may end up segregated.

The regulations affected by the proposal are different from Regulation P and are not suited to this approach. Regulation P requires generic disclosures that are not specific to any particular transaction or disclosure. A single disclosure, once completed, typically applies to all of our accounts, so compliance is much simpler. Applying the same standard to the plethora of various disclosures in the other regulations presents a very different project. In addition, unlike the other consumer protection regulations, there is no civil liability for violations of Regulation P, meaning Regulation P doesn't invite lawsuits for good faith compliance.

Thank you for allowing us to comment on these very important issue. Please address any questions to my attention.

Thank you again,

Richard N. Burch
CFO

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